ONTARIO COMMITTEE ON TAXATION

from

ONTARIO RETAIL LUMBER DEALERS ASSOC.,

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JUN - 2 1964

SUBMISSION TO THE

ONTARIO COMMITTEE ON TAXATION

From the

ONTARIO RETAIL LUMBER DEALERS ASSOCIATION INC.,

ITEM

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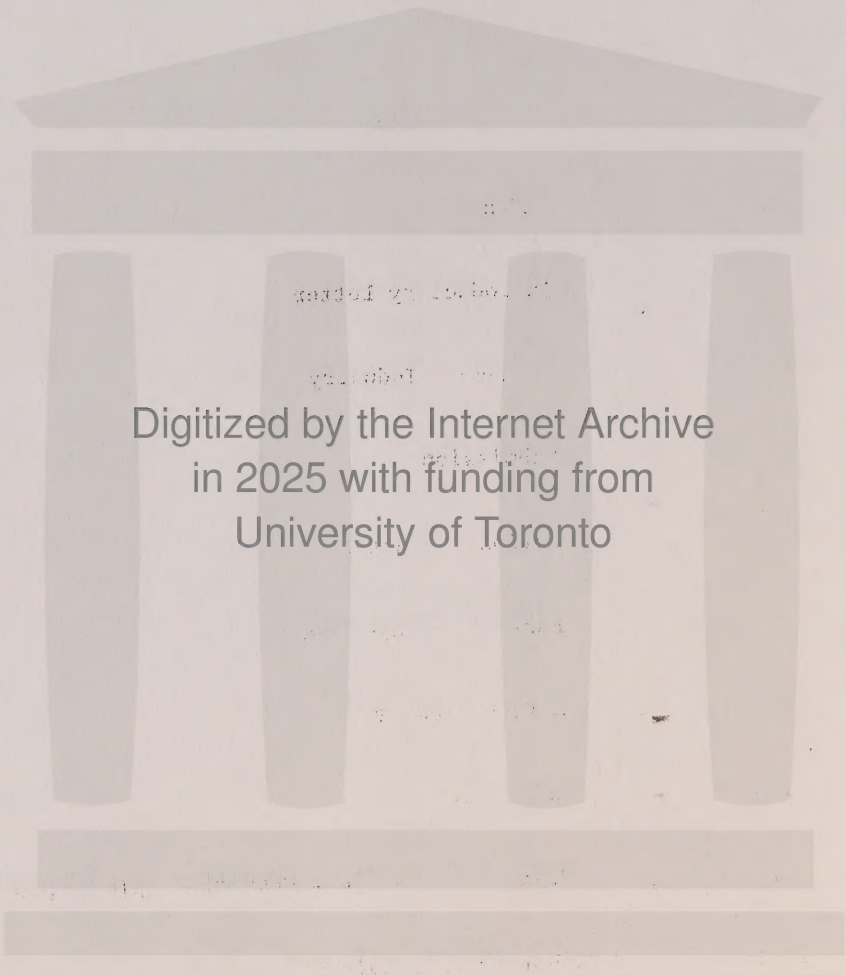

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THE ONTARIO RETAIL LUMBER DEALERS ASSOCIATION INC.
150 EGLINTON AVENUE EAST
TORONTO 12, ONTARIO
481-5681 Area Code 416

File Number:

June 18, 1964.

Mr. Lancelot J. Smith, F.C.A.,
Chairman,
The Ontario Committee on Taxation,
88 University Avenue,
Toronto 1, Ontario.

Dear Mr. Smith:

I have the pleasure of presenting the attached submission to you and your Committee, on behalf of the retail lumber dealers of Ontario.

This Association serving the interests of the more than 400 industry members, has for some time been concerned with the excessively high rate of business assessments in this province.

Sixty years ago the retail lumber dealers in Ontario bought their products from the neighbouring saw mill or logger. These products were then sold from a site on the outskirts of town, preferably near a source of water power.

The lumber retailer's estate consisted of a small, inexpensive piece of land and a small building that served as both office and showroom. In that municipal framework, the lumberman was one of the leading merchants in the area. His real and property assessment was small, providing little on which to hang a business assessment.

To overcome this, in the year 1904, the Government of Ontario introduced an Assessment Act which afforded a particularly high rate of assessment to the retail lumber dealer. This was an effort to overcome the seeming inequality then existing.

The 1964 retail lumber dealer bears little resemblance to his 1904 counterpart. Yet, with these changed circumstances, the sixty year old legislation remains the same.

Today, large stores and merchandising areas have replaced the small out buildings.

Today, he has large warehouse facilities, to house and display the highly finished product that did not even exist sixty years ago.

The only facility that remains much the same today, concerns the administrative area, albeit today's area is more sophisticated than at that time.

Our short submission attempts to point out some of the changes in our industry, which point up the need for immediate changes, to lighten the unfairly heavy tax burden carried by the retail lumber dealers of Ontario.

It is our sincere hope that you and your Committee will concur, and include in your recommendations to government the suggestion that retail lumber dealers in Ontario be assessed at a rate of twenty-five per cent, a move which would do much to balance the municipal business assessment load.

To this end, we respectfully submit the attached brief.

Yours very truly,

David S. Prowse

DSP/AC.
Encl.

David S. Prowse
Secretary-Manager

From: Ontario Retail Lumber Dealers Association,
150 Eglinton Avenue, East,
Toronto 12, Ontario.

A CHANGED INDUSTRY

Sixty years ago lumber dealers operated close to raw materials and power source. Buildings housed machinery, perishable materials and an administrative office. Storage facilities were limited because raw materials needed to be exposed for drying, and thus could be best stored outside.

The Administrative Office doubled as a sales room. Sales were made on a custom order basis. Orders were shipped to the consumer as soon as they were manufactured, by horse and wagon.

As sources of supply receded and freight rates increased, the dealer was forced, because of cost, to purchase dressed lumber. He curtailed the planing portion of his business and erected suitable warehouses for the merchandise he was now required to store as inventory.

As materials other than lumber, replacing lumber, appeared on the market, their high degree of finish and colour required more and more visual selection by the consumer, necessitating stores of a dimension which had not existed heretofore, due to the increasing number of women shoppers frequenting the lumber yard.

Shortly after World War II production line manufacturing was developed by some sash and door manufacturers, which required the lumber dealer to curtail his own local activities, purchasing his millwork for resale rather than manufacturing it. This eliminated his shop facilities, but increased the storage required.

With the advent of the project builder, and his heavy buying power, he purchased volume items direct from the manufacturer or wholesaler. To remain in business, the lumber dealer was required to accentuate the retail aspects of his business to an even greater degree.

This had a side effect of moving the dealer out of a low grade industrial location, where he had large yard space and minimal type sheds, to a high grade commercial location with maximum finished warehouse and merchandising facilities.

SUBMISSION

We therefore, submit that the Assessment Act of Ontario does not recognize that the term retail lumber dealer, is a misnomer, including the dealer in both lumber and building supplies. That the business has changed from that of a processor and bulk storage depot in 1904, with low assessment, to that of retail merchant, with high real and property assessment in 1964.

Further, we charge, that this inequality seems to run contrary to the premise that equality is the criterion of good legislation.

ACTION REQUESTED

We, therefore,exhort the Committee to impinge upon the minds of the legislators, the need to amend the statutes, so lumber dealers can enjoy the same business assessment rates as other forms of retail business.

FURTHER CHANGE NEEDED

Further evidence that this section of the act stands in need of revision lies in the sum of Twenty thousand dollars set up to define a department store, when in today's assessed values, this amount could hardly be expected to cover the assessed value of the land required for a retail store, together with modest parking facilities.

ACTION REQUESTED

It is our earnest suggestion that sixty thousand dollars would be a more realistic sum.

CONCLUSION

The Ontario Retail Lumber Dealers Association has been deeply concerned about this inequality, and is doing everything legally possible to aleviate the situation. We represent a truly struggling industry. Wherever possible we have suggested our members appeal to the Courts of Revision, with notable success. The Association has made representation, to the Select Committee on The Municipal Act and Related Acts, and has received some encouragement. This activity has extended over a period of five or six years.

Throughout these past few years, much time, effort and money has been expended on seeking to aocomplish a solution to this problem. While few tangible results have been obtained, it has encouraged us to the merits of our cause. These few results are not, however, sufficient to appease our over four hundred members, whose average earnings are less than four per cent of their investment, which is small return for the risk involved.

EXTRACT FROM

Third Report of the Select Committee
on The Municipal Act and Related Acts.

Page III

THE ASSESSMENT ACT
R.S.O. 1960 C. 23
as Amended in 1960-61, 1961-62 and 1962-63

R E C O M M E N D A T I O N S

SECTION 9

OBSERVATIONS: The Assessment Act only mentions the term retail lumber dealer. This line of business has expanded in recent years and actually includes building materials of many types.

RECOMMENDATION: That the basis of calculating business assessment for retail lumber and building materials dealers be 25 per cent.

PHOTOGRAPHIC EVIDENCE

Here you see, an average retail lumber yard, only a few short years ago. Note the open piles of lumber, and the poor quality buildings.

Here is a photograph, of the same scene, taken recently. Note the under-cover storage for materials, and the more up-to-date buildings.

PHOTOGRAPHIC EVIDENCE (Cont'd)

Please note the appearance of this lumber merchandising area, taken a number of years ago.

This is a photograph taken from the same spot, quite recently, showing the changed condition of doing business, and pointing out the merchandising area, and warehouse space.

#2 TAKEN IN CONTEXT FROM THE STATUTES OF ONTARIO, 1904

"THE ASSESSMENT ACT"

Section 10 (one) (E)

"Every person carrying on the business of what is known as a Department store or a retail merchant dealing in more than five branches of retail trade, or business in the same premises; or in separate departments of premises under one roof, or in connected premises, where the assessed value of the premises exceeds $20,000 or of a coal or wood or lumber dealer, lithographer printer, or publisher, or of a club, in which meals or spiritous or fermented liquers are sold or furnished or the business of selling, bartering or trafficking in fermented, spiritous or other liquers in any premises in respect of which a shop license has been granted, for a sum equal to 50 per cent of the said assessed value; but in cities having over 100,000 population, coal dealers shall be assessed a sum equal to 30 per cent of the said assessed value."

#1 TAKEN IN CONTEXT FROM THE STATUTES OF ONTARIO, 1960

"THE ASSESSMENT ACT"

Section 9 (one) (F)

"Every person carrying on the business of what is known as a departmental store or of a retail merchant dealing in more than five branches of retail trade or business in the same premises or in separate departments of premises under one roof, or in connected premises, where the assessed value of the premises exceeds $20,000. or of a retail coal or fuel oil or wood or lumber dealer, lithographer, printer or publisher, except the publisher of a newspaper, for a sum equal to 50 percent of the assessed value; but in cities having a population of not less than 100,000, retail coal or fuel oil dealers shall be assessed for a sum equal to 30 per cent of the assessed value. R.S.O. 1950, c.24, s.6 (1) cl. (f); 1953, c.6, s.3 (1)"